MINUTES
of the
THIRD MEETING
of the
SCIENCE, TECHNOLOGY AND TELECOMMUNICATIONS COMMITTEE

August 25-26, 2015
School of Energy
5301 College Blvd.
San Juan College
Farmington

The third meeting of the Science, Technology and Telecommunications Committee (STTC) was called to order by Representative James E. Smith, chair, on Tuesday, August 25, 2015, at 10:14 a.m. at the School of Energy at San Juan College (SJC) in Farmington. Due to a lack of a quorum, the committee met as a subcommittee.

Present
Rep. James E. Smith, Chair
Sen. Michael Padilla, Vice Chair
Rep. Stephanie Garcia Richard
Rep. Bill McCamley
Rep. Debbie A. Rodella (8/26)
Rep. Carl Trujillo

Absent
Sen. William F. Burt
Rep. Jason C. Harper
Sen. Daniel A. Ivey-Soto
Rep. Conrad James
Sen. Bill B. O'Neill
Sen. John C. Ryan
Rep. John L. Zimmerman

Advisory Members
Sen. Carlos R. Cisneros
Rep. Kelly K. Fajardo
Sen. Richard C. Martinez
Sen. Steven P. Neville (8/25)
Sen. Nancy Rodriguez

Sen. Jacob R. Candelaria
Sen. Ron Griggs
Rep. Antonio Maestas
Sen. Mary Kay Papen
Sen. William H. Payne
Rep. Nick L. Salazar
Rep. Luciano "Lucky" Varela
Sen. Peter Wirth
Rep. Monica Youngblood

(Attendances dates are noted for members who were not present for both meeting days.)

Staff
Gordon Meeks, Legislative Council Service (LCS)
Ralph Vincent, LCS
Alex Tapia, LCS

Guests

The guest list is in the meeting file.

Handouts

Handouts and other written testimony are in the meeting file and are located on the New Mexico Legislature web site.

Tuesday, August 25

Members of the committee introduced themselves.

Welcome to SJC

Dr. Toni Pendergrass, president, SJC, welcomed the committee to the college and introduced present members of the faculty. Dr. Pendergrass provided the committee with an overview of the college. SJC was founded in 1956 with 25 students; today, there are almost 17,500 students enrolled at the college's five campuses. The college currently offers more than 100 degrees and certificates, with 32 years old being the average age of students. SJC has instituted several programs to encourage student enrollment, success, retention and completion.

Dr. Pendergrass shared a video highlighting the "15 to Finish" campaign — an initiative to bolster on-time graduation that is now being shown at all student orientations. In addition to working to increase current students' productivity and success, SJC has partnered with local high schools to combat deficiencies in mathematics, particularly algebra. Dr. Pendergrass also provided the committee with information on the newly built School of Energy. Responding to inquiries from the committee, Dr. Pendergrass briefly discussed SJC's dual credit program for area high schools.

Panel on Energy Economics

As part of a panel, Randy Pacheco, dean, School of Energy, addressed the committee about the school's work to reach industry needs. The facility consists of more than 65,000 square feet, including classrooms, laboratories and training facilities. Formerly known as the Regional Energy Training Center, the School of Energy's mission is to design and execute relevant technical training courses in close collaboration with energy experts, such that energy industry stakeholders regard graduates from the program as the most competent at delivering efficient and safe energy services. Industry leaders, including BP America, Merrion Oil & Gas, ConocoPhillips and DJ Simmons, invested in the $15.6 million facility. These partners look for new employees who have the necessary training and certifications to become professionals in the field and in their companies. The School of Energy continues to partner with energy employers to address their training and labor needs; design and offer training to enhance job skills and ensure safe work practices; and provide learning opportunities for individuals needing new skills to gain employment or advance in their jobs.

Mr. Pacheco highlighted the various programs offered to students that directly translate to field work. The School of Energy is currently facing challenges in recruitment and referrals of trainees, public information and staying responsive to the ever-changing interests, needs and demands of the energy industry. Looking toward the future, the School of Energy is looking to continue with advanced training, as well as expanding existing programs and adding new programs, including low-carbon-emission technology. Mr. Pacheco emphasized the school's goal to be the premier model for energy training in the country.

Daniel Fine, associate director, New Mexico Center for Energy Policy, New Mexico Institute of Mining and Technology, provided the committee with background on oil production and discussed the history of the oil market and the changes over time. According to Dr. Fine, the southwestern region and North Dakota are currently the target of an oil price war between the Organization of the Petroleum Exporting Countries (OPEC) and non-OPEC oil suppliers, namely Saudi Arabia. This price war began when OPEC refused to cut production in late 2014, when the Brent Crude and WTI Crude oil prices sharply declined. This represented a historic change, as OPEC would no longer cut its supply of world oil to sustain its price. New oil production is reaching a record and could close at over 140 million barrels in 2015 as a result of industry operational resilience and technology. This includes renegotiated contracts with service companies and infrastructure owners. Dr. Fine explained that New Mexico is seeing this reflected in the price of oil, with more supply driving down the prices. With the possibility of this price war continuing for the next three years, Dr. Fine postulated that New Mexico could lose up to $2 million in revenue.

Wally Drangmeister, vice president and director of communications, New Mexico Oil and Gas Association, discussed the importance of oil and natural gas production to state revenues. In fiscal year (FY) 2014, the state general fund received 35 percent of is revenue from oil and gas. Mr. Drangmeister referenced the oil and gas industry contributions to state and local revenues and the 2015 state budget update from the Department of Finance and Administration (DFA). New Mexico production levels are at a record high, with 72 million barrels produced in the first six months of 2015. The industry is currently facing several challenges, including: a low price environment; costly federal regulations; a problematic cost/benefit ratio of recent and expected proposals; and local oil and gas ordinances. Federal regulations are having a huge impact on the state, with the U.S. Environmental Protection Agency methane rule and additional venting and flaring regulations. Mr. Drangmeister commented that with the lower price environment, companies have dramatically reduced the time to drill wells in the state. The presentation noted some of the improvements in technologies and operating processes.

Sanders Moore, director, Environment New Mexico, discussed the economics of renewable energy in New Mexico. New Mexico is the second sunniest state but is currently producing less than three percent of its electricity from the sun. Based on a state ranking of the amount of solar electric capacity installed in 2014, New Mexico ranked number 10. However, the state is not reaching its potential for cumulative solar capacity installed. The cost of solar panels has decreased and is projected to continue to fall. Ms. Moore touted solar energy as a job

creator, noting the existence of more than 60 solar businesses and a 45 percent increase in solar jobs in the state over the last two years. In addition to its solar energy generation, New Mexico was also ranked as the twelfth windiest state, underscoring its potential for wind energy. New Mexico is currently ranked eighteenth in the nation in wind production, with room to expand the industry.

In 2003, the New Mexico Wind Energy Center was built. This facility is projected to bring more than $40 million into rural De Baca and Quay counties over the next 25 years. Ms. Moore concluded by adding that New Mexico could generate more than 1,500 times the energy it uses and become the national leader in renewable energy.

In response to committee members' questions, the following points were discussed by the panel:

- completion times for programs offered by the School of Energy;
- industry age limitations for early college students in high school pursuing degrees in energy-related fields;
- resilience of U.S. oil production, particularly in New Mexico;
- the reduction in revenues to the general fund from oil and gas due to price decreases and its effect on the state budget;
- the need for a long-term strategic plan for the oil and gas industry;
- tax credits and deductions available for the different energy industries (oil, natural gas, wind, solar and nuclear);
- the environmental impact caused by hydraulic fracturing, specifically water contamination and seismic activity;
- the difference between crude oil prices and the price consumers are paying at the gas pump;
- geopolitics and economic pressures contributing to gas pump prices;
- cultural and historical sites affected by the federal Bureau of Land Management regional drilling plan;
- the status of the environmental lawsuit seeking an injunction to stop all oil and gas development in the San Juan Basin;
- the need for renewable-energy storage; and
- the impending release of a New Mexico energy plan from the Office of the Governor.

SJC Information Technology (IT) Systems

Shelley Amator, chief information officer, SJC, provided an overview of the online programs offered through the college. Over the last several semesters, SJC has been steadily growing the number of student credit hours available online. In the fall of 2013, SJC selected Instructure's Canvas as its learning management system and began converting courses from the old system. Ms. Amator highlighted the advantages of the Canvas system and its ease of use for faculty members. One benefit of Canvas is the built-in "Learning Tools Interoperability" function that allows users to integrate multiple publishers and other tools that extend the

functionality of Canvas. Canvas is currently being used by 15 institutions around the state, which adds to program familiarity if a student transfers to another school or college.

Committee members inquired about the following information:

- the need for academic infrastructure with the growing use of virtual classrooms;
- growth in enrollment from nontraditional students;
- proctoring of tests with the online format; and
- the cost of online classes, as opposed to traditional classes, for universities.

Tour of the School of Energy Work Force Training Facility

Members of the committee toured the School of Energy's work force training facility.

Recess

The meeting recessed at 5:15 p.m.

Wednesday, August 26

Information Technology Commission (ITC) Statutory Authority Review

Darryl Ackley, secretary of information technology and chief information officer (CIO), Department of Information Technology (DoIT), addressed the committee on the subject of IT governance in the state. Secretary Ackley provided an overview of the structure of governance, giving examples of how agencies receive project approval in accordance with the state strategic plan. The presentation covered the process of project oversight and compliance from the initiation phase to closeout.

Secretary Ackley also reviewed the ITC, established as part of the DoIt Act. The ITC is composed of 15 voting members and five nonvoting members, including the CIO. Registered lobbyists are not permitted to be part of the commission. The powers and duties of the ITC include reviewing and approving the development and implementation of the state IT strategic plan, critical IT initiatives for the state, identification of IT needs of state agencies and the state information architecture and the IT strategic plan for updates and compliance by executive agencies.

In response to questions from committee members, Secretary Ackley addressed the following:

- clarification of the committee structure;
- the dual role of the secretary serving as both the CIO and the department secretary;
- the need for cleanup in state statute to increase efficiency and redundancy;
- security vulnerabilities and breaches in the state's IT systems;
- prohibiting state resources for personal activity in the wake of the recent Ashley Madison hack;

- the usage of software like Office 365 on personal computers;
- continuing education for staff at the DoIT and other agency IT departments; and
- defining IT classifications and roles within state agencies.

After discussion from the committee, Secretary Ackley was requested to compile recommendations on simplifying the governance structure and the evaluating role of the ITC to be presented during the September meeting of the STTC. A member of the committee suggested that STTC members read the resignation letter of former Representative Jim W. Hall as chair of the ITC. The letter contained various suggestions and recommendations for the ITC.

DoIT Portfolio

Following the previous presentation, Secretary Ackley provided the committee with the Information Technology Portfolio Status Report. Secretary Ackley reviewed the various IT projects currently being conducted throughout state agencies and their status. There are currently 94 projects under way with an estimated cost of over $387 million. Secretary Ackley noted that approximately three-fourths of the current projects are in the closeout phase. During the presentation, Secretary Ackley spoke specifically about the following DoIT projects and their progression.

1. Statewide Interoperable Radio Communications Internet Transport System (SIRCITS). This project aims to convert analog to digital microwave to provide middle mile broadband service.
2. Motor Vehicle Department System Modernization Tapestry. This project will migrate the current system off of multiple conflicting subsystems into a single-platform, customer-centric model using current technology.
3. Human Services Department (HSD) State-Based Marketplace (SBM). This project will enhance the Automated System Program and Eligibility Network (ASPEN) integrated public assistance eligibility determination system to accommodate the transition from the federally facilitated marketplace to an SBM that will be implemented by the New Mexico Health Insurance Exchange.
4. Children, Youth and Families Department Enterprise Provider Information and Constituent Services (EPICS). This is a multi-phase/multi-year project to consolidate the agency's legacy system and more than 25 other stand-alone systems into one enterprise-wide web application.
5. State Land Office's Land Information Management System (LIMS). This system will replace the existing surface and minerals land management, leasing and associated financial functionality of the Oil and Natural Gas Administration and Revenue Database (ONGARD).
6. HSD Medicaid Management Information System Replacement (MMISR). This is a project to design, develop and implement a New Mexico MMISR, replacing the existing service and supporting applications.
7. HSD Child Support Enforcement System Replacement (CSESR). This will enhance or replace New Mexico's existing child support enforcement system.

8. Taxation and Revenue Department's ONGARD Modernization.
9. DoIT Statewide Infrastructure Replacement and Enhancement (SWIRE). The objective of SWIRE is to plan, design, acquire, purchase and implement infrastructure for public safety communications statewide for improved communication equipment affecting all emergency responders.

In response to Secretary Ackley's presentation, members of the STTC inquired about the following issues:

- funding and procurement, including what percentage of contracts are with New Mexico companies;
- the accuracy of planning and projection of project costs and scheduled completion estimates;
- recommendations on the Statewide Human Resources Accounting and Management Reporting (SHARE) program; and
- constituent issues with the Workforce Solutions Department.

Adjournment

There being no further business before the committee, the third meeting of the STTC adjourned at 11:38 a.m.